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SUBJECT: SWEDES ON EU-RUSSIA SUMMIT NOVEMBER 18

Classified By: Acting PolCouns Briana Olsen for reasons 1.4 (B) & (D).

¶1. (C) Summary: Poloffs on November 6 met with Swedish MFA Deputy Director for Eastern Europe and Central Asia Tobias Thyberg to discuss the November 18 EU-Russian Summit in Stockholm. The summit agenda will focus on climate change, the financial crisis, and energy issues. Leaders are also expected to discuss European security, but only as part of a broader discussion on international issues and without reference to Medvedev's security proposal. Sweden expects modest results on classified information sharing, and would like a forward-leaning statement on cooperation in crisis management, and progress on auditing procedures of funding for cross border cooperation. Thyberg debunked speculations that Sweden's decision to approve permits for the construction of Nord Stream was used to influence Russia ahead of the Summit. However, Russia agreed to a bilateral dinner a few days after the approval.

Summit Agenda

¶2. (C) Thyberg told poloffs that the summit plenary agenda will cover climate change, the financial crisis (both topics suggested by Sweden), and energy issues (suggested by Russia). Discussion of EU-Russia relations will occur within the framework of the four policy areas or "common spaces" (economics and environment; freedom, security, and justice; external security; and research and education, including cultural aspects) and the Partnership and Cooperation Agreement (PCA). Thyberg remarked that the framework for EU-Russia discussions is very formalized, leaving the Swedes little room for influence. There will be an Industrialist Roundtable, a business forum of 10-15 persons in total with the purpose of making recommendations on business cooperation. The Russian side will be headed by Anatoly Chubais, Director General of Rusnano, a state-owned Russian nanotechnology company, and Maersk Mc-Kinney Moller, the sealine shipping magnate from Denmark, who will head the EU delegation. Medvedev will meet with the Swedish king for 30 minutes. According to Thyberg, the visit with the King allows the Swedes to give Medvedev's visit a bilateral appearance, without having an actual political bilateral. However, a few days after Thyberg made the comment, the Russians agreed to the bilateral because, according to the Russian Desk, Sweden approved the Nord Stream permits.

International Issues

¶3. (C) The Swedes suggested to discuss international issues, such as Afghanistan and Pakistan, Iran, and the Caucasus region during lunch, but Russia proposed eight other issues in response, including Russian President Medvedev's European security treaty proposal. Thyberg emphasized that Sweden will not discuss Russian security proposals outside the OSCE Corfu process, but Stockholm agreed to address general European security issues, without reference to Medvedev's proposal or Corfu, under the general heading of "international issues." Thyberg said Sweden is willing to listen to the Russians on European

security, but will not engage on the issue.

Joint Crisis Management Operations

¶4. (C) Thyberg expects the parties to sign an agreement on classified information sharing that will be a prerequisite for better coordination during crisis management operations. Thyberg said that the Swedes would like to see a "positive, forward leaning statement on a broad framework for cooperation and crisis management." He highlighted the EU and Russia's positive experiences of cooperation in Chad, where Russia assisted with airlift, and Operation Atalanta. But the EU's Civil Criteria directive prevents EU missions from operating under non-EU command or even shared command, which complicates cooperation. Thyberg, however, assessed that there is some momentum on finding a solution, noting signals from Moscow that it is willing to think creatively on this issue.

Cross Border Cooperation

¶5. (C) Sweden is also in the process of negotiating an agreement on Cross Border Cooperation (CBC) programs and auditing procedures. Russia, a major past beneficiary of CBC funds, has for the first time decided to contribute EUR 1.2 billion (\$1.8 billion)--a "big political signal" according to Thyberg. EU auditors in the past were able to audit how EU money was spent, including inside Russia, but Russia's announcement of its intention to contribute monetarily raises questions whether Russian auditors will also be allowed to

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follow the money trail into EU member states. Moscow is pushing for reciprocity in this area, but while Sweden views the reciprocity of auditing procedures as primarily a legal question, the issue is of political consequence for countries like Poland, Estonia, and Lithuania, who do not want Russian auditors "snooping around."

Energy Supplies

¶6. (C) The Swedes are likely to seek political guarantees on the part of Russia to avoid a repeat gas crisis in addition to an agreement on the establishment of an early warning mechanism to prevent interruption of Russian fossil fuel supplies. According to a note from the Swedish EU Presidency discussed at the Political and Security Committee on 10 November in Brussels, the EU will ask Medvedev for "clear, political assurances" from Moscow that there will be no further cuts or reductions in gas and oil supplies towards the 27 EU Member States, independently of any conflicts that might arise in the future between Russia and third countries, such as Ukraine. Moreover, the EU will, once more, express regret over Russia's withdrawal from the Energy Charter Treaty and insist that the basic principles of this treaty (which has been signed but never ratified by Moscow) be enshrined in the energy chapter of the new PCA that the EU and Russia are negotiating. As a possible wildcard, Thyberg hinted that Moscow may table new ideas, possibly on 17 November, on energy relations as alternatives to the Energy Charter Treaty.

¶7. (C) Thyberg also confirmed that on November 1, Prime Ministers Reinfeldt and Putin spoke on the phone, and that the only subject of the conversation was Ukraine's deliveries of Russian gas. According to Thyberg, Reinfeldt reiterated the EU position that contentious issues surrounding Ukrainian gas transit are to be resolved between Naftogaz and Gazprom, and that the EU will not provide financial aid to Kyiv in order to meet its gas payment obligations. The Swedes assess that Ukraine will meet its next payment and that neither Russia nor Ukraine are ready to have another faceoff over gas at this time.

Nordstream Approval not Linked to Summit

18. (C) Thyberg was adamant about delinking Sweden's November 5 approval of environmental permits for Nord Stream with the EU-Russia Summit. He explained that the permit approval surrounding Nord Stream was handled by the Ministry of Justice (legal issues) and the Ministry of Environment (environmental issues). Foreign Minister Carl Bildt has also strongly and repeatedly stated that the issue is not political (i.e. does not involve the Ministry of Foreign Affairs), but for the MOJ and MOE to handle. Thyberg noted that Sweden would be criticized regardless whether it approved the permits prior to the announcement of the EU-Russia Summit or after; in the former scenario it would be criticized for offering a carrot to the Russians to agree to hold the summit in Stockholm while in the latter scenario it would be criticized for rewarding Russia for agreeing to have the summit in Stockholm. The timing was an unfortunate coincidence, according to Thyberg. He did state, however, that the approval removes one of the major thorns in Sweden's relations with Russia (the other being Bildt, who strongly criticized Russian actions in Georgia and the Kremlin's undemocratic moves under Putin, and who has a good, but "love and hate" relationship with Russian Foreign Minister Lavrov) and that the MFA is prepared to reap the benefits.

19. (C) Comment: Sweden will aim to make the EU-Russia Summit productive and successful, possibly making modest progress in specific areas, but Stockholm is not willing to bend over in order to have a successful summit. Stockholm's approach to dealing with big powers like Russia during the limited timeframe of the six-month long EU Presidency has been not to make concessions just for the sake of progress, according to Thyberg. Overall, Sweden seeks to demonstrate that it can be a cooperative interlocutor between the EU and Russia and a pragmatic partner.

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